

THE CITY OF VICTORIA
BRITISH COLUMBIA, CANADA

2001 Annual Report

This Document Prepared By: Finance Department
City of Victoria



OUR VISION:

VICTORIA IS ...

A Vibrant City

Victoria is the heart of our region and capital of our province. We seek to strengthen our economy, foster innovation and create new opportunities for people to work, visit and thrive here.

A Blue-Green City

Victoria is blessed with environmental riches of land and sea. Protection and stewardship of our natural environment is key to maintaining our exceptional quality of life.

A Heritage City

Victoria is defined by its built and cultural heritage. Preservation of this heritage is a priority.

A Caring City

Victoria is a welcoming city that seeks to be tolerant and encourages diversity.

A Livable City

Victoria is an attractive, livable city for people of all ages. We invest in our public spaces and are committed to keeping our city safe and clean.

OUR MISSION:

The City of Victoria is committed to the social, economic, cultural and environmental well-being of the community. We are an inclusive government that responds to the needs of our citizens, seeking creative solutions to issues of importance. Our goal is to maintain and enhance the quality of life for those who live, work and visit here.

OUR VALUES:

Honesty, Fairness, Caring, Respect and Responsibility.

Contents

Introductory Section

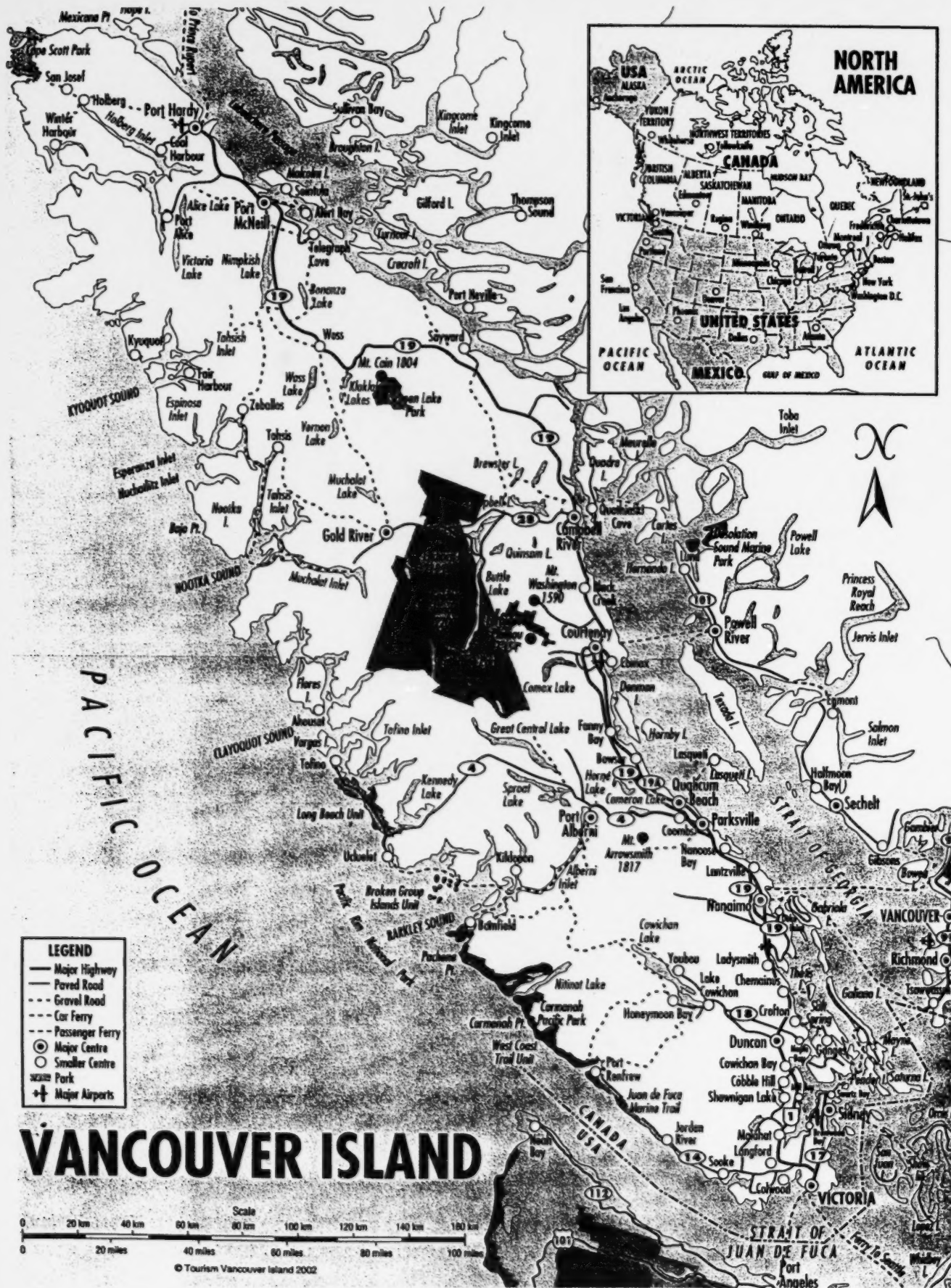
Message from Mayor Alan Lowe.....	2
Victoria City Council Appointments.....	4
Victoria Police Board	5
Summary of Services & Regional Relationships.....	6
Message from the City Manager	7
City of Victoria Organization Chart.....	9
Department Reports.....	10

Financial Section

Message from the Director of Finance.....	22
Financial Reporting Responsibility.....	23
Auditors' Report.....	24
Statements	
A Consolidated Statement of Financial Position	25
B Consolidated Statement of Financial Activities	26
C Consolidated Statement of Financial Activities and Fund Balances	27
Operating Funds	
D Consolidated Statement of Financial Activities and Fund Balances	28
Capital Funds	
E Consolidated Statement of Changes in Reserve Funds.....	29
F Consolidated Statement of Changes in Financial Position	30
Notes to Financial Statements.....	31

Statistical Section

Taxable Assessments of Land & improvements.....	46
Property Tax Rates.....	47
New Construction.....	47
Property Tax Levied and Collected.....	48
Principal Taxpayers and Percentage of Total Taxes.....	49
Debenture Debt.....	50
Revenue and Expenses	51
Reserve Funds & Statement of Surplus	52
5 Year Capital Budget.....	53
Demographic Statistics.....	54
Miscellaneous Statistics.....	56
City of Victoria Key Contacts, Auditors, Bankers, Solicitors	57



Introductory Section

Message from the Mayor



Over the past 12 months, Council has strived to realize a vision for our community that reflects the aspirations and values of our residents. The cornerstones of this vision are consistent with the issues facing cities across our nation: healthy neighbourhoods; a healthy downtown; a healthy economy; and a healthy infrastructure.

In responding to these priorities, we have had to make difficult choices—choices that will result in the greatest benefit to the greatest number of people. Through it all, I have sought to ensure that communication, consultation and cooperation remain the order of the day. Today, as I reflect back on the successes and challenges of 2001 I am pleased with the progress we have made in adhering to these principles and in making our vision a reality.

2001 has been a year full of changes and challenges. Despite this, I have endeavoured to stay focused on local issues and projects that I believe are critical to our community's long-term health including:

- bringing about more regional cooperation;
- building a new regional entertainment and sports complex;
- enhancing the safety and attractiveness of downtown;
- encouraging new investment and new development; and
- effectively managing the City's resources.

And we have seen positive results in many areas. Our downtown is cleaner and more welcoming than it was just a few months ago. We have hired eight new police officers to work in the core and we are deploying our police resources in new ways to target specific criminal activities. We have successfully implemented a new graffiti removal program. We have also introduced practical changes to our parking policies to make it easier for citizens to visit downtown, including the introduction of ninety-minute meters and electronic parking cards. In all of these efforts, I have been greatly assisted by input and support from members of the *Mayor's Downtown Taskforce*.

We are actively encouraging new development of under-utilized lands in and around downtown. In collaboration with several other partners, we have taken back control of our harbour from the Federal Government. We are moving closer to our goal of integrating police services in the region and we have successfully negotiated a Memorandum of Understanding with a private partner for the construction of a new sports and entertainment complex. Above all, we have sought to achieve a balance between our citizens' service expectations and rational taxation rates.

These are the challenges that have consumed my time and energy over the past twelve months. And these are the issues that I will continue to focus on during the last year of my term in office. There are no quick fixes but each area of focus is an important signpost on the road towards economic prosperity and social well-being.

The City of Victoria represents many things to many people—everything from police and fire protection to parks and recreation centres. Behind these front-line services, and the staff that deliver them, are many people whose work may not be as visible to residents but whose contribution to civic governance is equally valuable. On behalf of Council, I want to extend my sincere thanks to every member of our staff for their commitment and professionalism.

The network of services that our staff provide are informed by citizens who have specialized knowledge and a keen insight into civic issues. These people give freely of their time to serve on a variety of advisory, community and standing committees and I would like to acknowledge their unsung efforts in support of our city. It has been said that volunteerism is the highest calling and in today's increasingly complex and interconnected world, where the actions of one can touch many, the impact of volunteer activities has never been greater. As we near the end of the *Year of the Volunteer* it is particularly fitting that we should celebrate those who lend their time, energy and passion for the collective benefit of our community.

Finally, I would like to acknowledge the efforts of my fellow members of Council. People usually equate success with consensus, and while that may be the ultimate goal of any decision-making process, the wisdom of a decision is determined by the rigour of the debate that precedes it. With nine unique perspectives seated around the Council table, I can assure citizens that our debates are both passionate and rigorous—a hallmark of any democracy.

In the months ahead the City will be faced with many new challenges. A Community Charter governing every aspect of how we do business will be introduced. As the seat of downtown, the City of Victoria will continue to be faced with increasing social service demands, particularly in the face of impending Provincial Government service reductions. And we will be looking for our citizen's guidance in identifying tangible, realistic solutions.

Public accountability is critical to our work and public accountability is what this document is all about. I invite you to read the information contained on the following pages with the aim of telling us what you think. We have tried to present the information in a way that is both informative and compelling. We all share a deep pride in this great city. Together let us build on that foundation of pride for the benefit of everyone in our community.

Mayor Alan Lowe

Victoria City Council Appointments

Committees / Boards

Portfolios

Mayor Alan Lowe

Mayor's Advisory Committee
Victoria Police Board – Chair
Victoria Conference Centre Board
Greater Victoria Labour Relations Association
Greater Victoria Economic Development Commission

Economic Development
Regional Transit Board
Capital Regional District

Councillor Rob Fleming

Capital Region Water Supply Commission
Provincial Capital Commission
Private Property Maintenance Committee
Social Planning & Housing Advisory Committee
Neighbourhood: Fernwood

Housing & Social Planning
Twin City: Napier

Councillor Bea Holland

Board of Cemetery Trustees
Greater Victoria Harbour Authority Board
Neighbourhood: James Bay

Arts and Culture
Harbour
Twin City: Suzhou

Councillor Helen Hughes

Capital Region Action Team on Sexually Exploited Youth
Greater Victoria Family Court & Youth Justice Committee
Downtown Advisory Committee
Honourary Citizens Committee
Neighbourhood: Downtown & Harris Green

Downtown
Twin City: Suzhou

Councillor Jane Lunt

Capital Regional District (CRD)
- Water Supply Commission; Arts & Culture Committee
- Health Facilities Planning Committee; Housing Committee
- Parks Committee; Royal and McPherson Theatre Society
- Solid Waste Advisory Committee
Advisory Transportation Committee
Neighbourhood: Rockland

Transportation
Twin City: Morioka

Committees / Boards

Portfolios

Councillor David McLean

Victoria/Esquimalt Athletic Commission
Greater Victoria Public Library Board
Regional Transit Board
Private Property Maintenance Committee
Capital Region Emergency Services Telecommunications Board
Neighbourhood: Fairfield/Gonzales

Finance/ Personnel
Emergency Planning
Twin City: Napier

Councillor Pam Madoff

Public Art Project Advisory Committee
Advisory Design Panel
Advisory Planning Commission
Victoria Civic Heritage Trust
Victoria Heritage Foundation
Heritage Advisory Committee
St. Ann's Academy Advisory Committee
Neighbourhood: Oakland, North & South Jubilee

Planning
Heritage
Twin City: Khabarovsk

Councillor Denise Savoie

Capital Regional District (CRD)
- Arts & Culture Committee; Environment Committee
- Chair of the Round Table on Environment
- Royal & McPherson Regional Committee; Regional Planning Committee
Victoria Parks & Recreation Foundation
Cycling Advisory Committee
Parks, Recreation & Community Services Advisory Committee
Private Property Maintenance Committee
Neighbourhood: Victoria West, Burnside, Gorge

Parks & Recreation
Twin City: Morioka

Councillor Art Vanden Berg

Capital Region Water Supply Committee
Provincial Capital Commission
Greater Victoria Airport Authority
Environment & Shoreline Advisory Committee
Neighbourhood: Hillside, Quadra, North Park, Blanshard

Youth
Environment
Twin City: Khabarovsk

Victoria Police Board - 2001

Mayor Alan Lowe (*Chair*)
Tyna Mason (*Provincial Appointee*)
Maureen Meikle (*City Appointee*)

Dean Fortin (*Provincial Appointee*)
Jannit Rabinovitch (*Provincial Appointee*)
2 Vacant Positions

Summary of Services & Regional Relationships

The City of Victoria is responsible for the provision of a wide variety of local government services and regulatory duties. These include:

Service Provision

Policing
Fire protection
Parks
Local Roads
Sidewalks
Street Lights
Recreation
City Planning
Social Planning
Garbage Collection
Water Distribution
Sanitary and Storm Sewers
Conference Centre

Regulation

Land Use
Design Review
Heritage Preservation
Subdivision
Business Licensing
Building Permits and Inspection
Commercial Vehicle Licensing
Dog Licensing
Streets and Traffic
Fire Prevention
Environment
Nuisances

The City of Victoria is one of thirteen (13) members of the Capital Regional District (C.R.D.) that provides and coordinates selected local, regional and municipal services.

Community Health
Environmental Waste Management
Solid Waste Landfill

Management and Supply of Water Resources
Affordable Housing
Sewage Treatment

Typical local government services that are not an assumed responsibility of the City of Victoria include:

School System
Social and Health Programs
Hospital Care Systems
Real Property Assessments
Employee Pension Plan
Debt Marketing
Public Library System

Local School Board
Provincial Government
Provincial Government
BC Assessment
Municipal Superannuation Plan
Municipal Finance Authority
Greater Victoria Public Library

Message from the City Manager

Welcome to the City of Victoria's 2001 Annual Report. As the City Manager, I am pleased to address the citizens of Victoria and highlight some achievements from our various departments over the past year.

In many ways, 2001 was a planning year, where the foundations for many projects were built and several internal processes were streamlined for better service delivery to the public. A new Director of Finance was hired which completed our management team and situated the organization well to strategically plan for the future. As well, our negotiation team successfully negotiated four-year collective agreements with all of our operating unions.

Internally it was also time to replace the City's aging computerized business systems. JD Edwards was selected as the enterprise resource planning system in a joint project with the Municipality of Saanich — the first time Victoria and Saanich have co-operated on a project of this magnitude. To complement JD Edwards, Tempest was selected as the property management package to manage functions such as property taxes and building inspection tracking.

The City's website was also redesigned so that citizens interested in City business or services now enjoy more information with easier navigation. The redesign was also done with the intent of eventually increasing on-line functionality for the public.

Externally, Victoria continued its long history of heritage building conservation. In recognition of the City's distinguished 40-year record of municipal leadership in this area, we very proudly received the Heritage Canada Foundation's Prince of Wales Prize in October. The City was commended for the sustained, continuing development of our historic programs and our efforts to make historic preservation part of our overall planning strategy. As well, the City and Civic Heritage Trust were awarded the Gold Medal at the Canadian Home Builders Association's 2001 CARE Awards for Excellence by Local Government in Cooperation/Leadership with Industry for the City's Tax Incentive Program for residential conversion of heritage buildings.

Our commitment to maintaining the vitality of our downtown extended beyond buildings. Eight new police officers dedicated to downtown foot patrol were hired; successful enforcement strategies to address downtown graffiti were followed by the police; a graffiti removal program for City buildings was initiated; and parking opportunities were improved through the development of a comprehensive Downtown Parking Strategy.

Working towards additional downtown revitalization, a market study, a proposal call and the selection of RG Properties as partner in the development of a new Multipurpose Sports and Entertainment Centre to replace the 52 year-old Memorial Arena were completed. Council approved the negotiated operating agreement and the City settled on a price, all of which will be taken to the electors in 2002.

As well, planning, design and construction was completed on Finlayson Street to accommodate bicycle lanes and landscape medians along with a seismic retrofit of the Point Ellice Bridge. And, after years of discussion, the harbour divestiture negotiations finally reached a successful conclusion when the Songhees and Esquimalt First Nations were invited to fully participate as members of the Society, although the actual transfer of the harbour lands will not happen until early 2002.

Environmentally, the City Parks Division continues to play a leadership role in Canada in the area of Integrated Pest Management. Since the program's introduction, chemical use has been reduced 97 per cent. The Public Works Division also reduced its impact on the environment and reduced power consumption through a number of innovative solutions.

Following a long process involving many citizens, Phase 1 of the Beacon Hill Park Management Plan was completed to help guide the future use and development of this valuable asset. And, after an extensive community effort, the restored Beacon Hill Totem Pole was raised again.

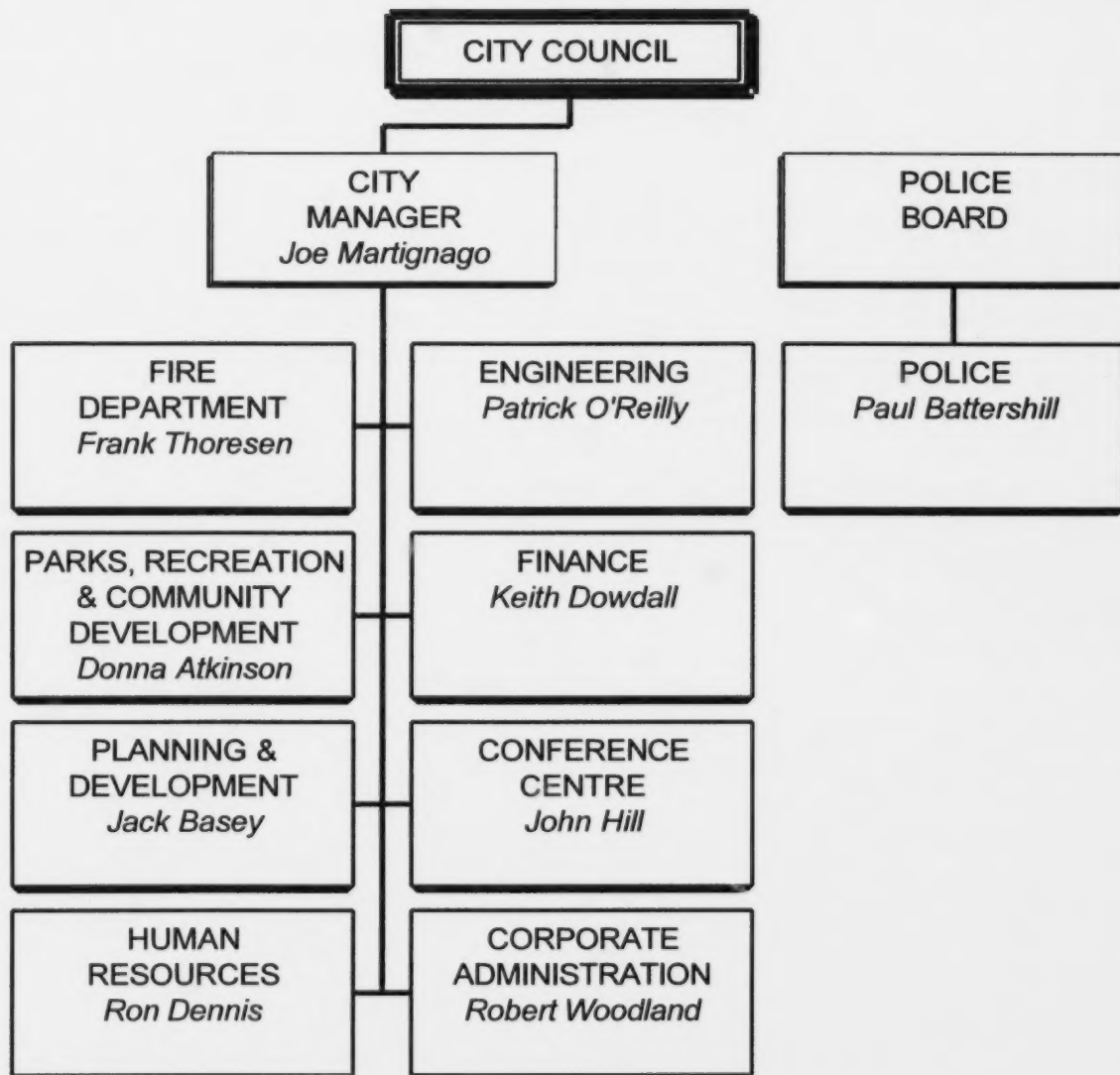
A new park was created in the Burnside-Gorge neighbourhood with the Cecelia Creek daylighting project, where the previously buried storm drain was exposed to naturalize the streambed. Design plans to complete this park with natural plantings and special features will be implemented over the next year.

The Capital Regional District water restrictions posed a unique challenge in 2001. The Parks Division was unable to plant flower beds, boulevard watering was eliminated, sportfields suffered damage, and ponds and putting greens were closed. But through some innovative problem solving by Parks and Fire Department staff, 1,100 of Victoria's famous hanging baskets hung proudly throughout the downtown core, watered daily using a fire truck and non-potable water from the Smith Hill Reservoir.

Looking ahead to 2002, maintaining the economic viability of downtown in the face of provincial adjustments and rationalizations will be the biggest challenge. City staff are committed to resolving issues like graffiti, safety and parking to maintain the beauty and vitality of downtown because it is the heart and soul of Victoria. We all recognize and are proud of the fact we live in one of Canada's favourite places to call home.

Joe Martignago, City Manager

City of Victoria Organization Chart



Department Reports

Victoria Fire Department 2001 Highlights

The Victoria Fire Department provides fire, rescue and public service through protection, education, and community services. The Department serves a core population of 79,000, although an additional 48,000 people comprised of workers, tourists, and people participating in daytime activities come into Victoria on daily basis.

In 2001 a consultant completed a Fire Master Plan for this Department. This extensive project included a comprehensive operational review and the development of the plan, which is intended to chart a course for the Department over the next five years. The consultant's operational review concluded that the fire prevention officer's productivity was the highest among the twelve comparable fire departments.

Fire Prevention members also provide Code enforcement to over 4,200 public buildings to ensure minimum fire safety standards are met. In 2001, 5,918 businesses were inspected, up three per cent from 2000. Seventeen fires were investigated, of which six were deemed to be deliberately set.

Fire Suppression responded to 5,777 incidents, which is a three per cent increase over 2000. Although total fire related incidents increased 17 per cent, the total dollar loss of 898,025, was the lowest amount in the last ten years. This decline can be attributed to no major fires. Fortunately there were no fire deaths.

The major project in the Mechanical Division was the refurbishing of a 1985 110 foot Ladder truck purchased from the Las Vegas Fire Department. This project not only came in under budget, but also cost one-third the price of purchasing a new truck. The Department continued to promote its willingness to provide mechanical services and the testing of fire apparatus pumps to other Greater Victoria Fire Departments.

The Victoria Fire Department continues to provide a high level of emergency services and fire protection at an optimal cost to the taxpayer. This quality of service is accomplished by the energy, skill, and commitment of its members. The Department has nearly completed a succession plan for its key management and operational positions. This action is being taken to assist in the continuity of leadership and avoid transition problems.

Engineering Department 2001 Highlights

The Engineering Department is responsible for a wide scope of services including civil engineering, construction and maintenance for the street transportation network, sewer, storm drain, water utilities and civic facilities. The department also handles subdivision and strata approvals. It is responsible for planning and developing the municipal infrastructure in the most cost-effective way while taking into account public safety, efficiency and reliability. The following highlights for 2001 are broken down by section:

Water & Environment

2001 was a drought year with a region-wide Stage 3 water restriction. The water level in the Sooke Reservoir was at 60 per cent of the average usable storage. Reduced revenues in the water and sewer utility resulted in a reduced level of service to mitigate this impact.

Traffic Signal Shop

As a result of the installation of Light Emitting Diode (LED) signal heads in two new intersections, intersection power consumption was reduced by 60 per cent. And by installing Red Retrofit LED signal heads in six existing intersections, intersection power consumption was reduced by 30 per cent.

Transportation and Development and Streets

- Planning, design and construction was completed on Finlayson between Cook Street and Quadra Street to accommodate bicycle lanes and landscape medians.
- Safety improvements in the Cook Street Village resulting from a series of stakeholder workshops were completed.
- Seismic retrofit of the Point Ellice Bridge was completed.

Street Cleaning

Street Cleaning crews are involved with cleaning after special events such as May Day Parade, Swiftsure, Folk Fest, etc. In 2001:

- Eight tonnes of refuse was collected and four tonnes of cardboard was recycled from these events.
- 1,100 tonnes was collected from litter tubs and an additional 2,080 tonnes was collected from streets and sidewalks.
- 1,350 tonnes of leaves were recycled from city streets.

Solid Waste and Recycling

- The Solid Waste and Recycling Section provides weekly backyard collection of garbage to 14,108 residents. In 2001 they collected 6,711 tonnes of garbage and recycled 322 tonnes of material at the yard and garden waste drop off site.
- The Section's Annual Christmas food drive collected over eight tonnes of food worth an estimated \$37,811 to assist those in need in the community.

Building Services

With a staff of 24 employees, Building Services provided maintenance and janitorial service to approximately 1.27 million square feet of City owned facilities.

Sign and Paint Section

In 2001, funding and employee resources were directed to the removal of graffiti from the downtown core on City property. With minimal staff, City employees were able to keep the core area clean of graffiti on City property.

Mechanical Shop

The Vehicle Maintenance Shop reduced its impact on the environment in 2001 by:

- Using a de-greasing solution that is less caustic than the previously used product and performs just as well as a cleaning agent.
- Modifying annual vehicle cooling systems maintenance schedules to reduce waste anti-freeze. Careful monitoring and adjusting of cooling system levels at each scheduled service interval, has greatly reduced the need to flush cooling systems. As a result, anti-freeze replacement program has been changed from yearly to every three years. Non-toxic anti-freeze is used whenever possible.
- Waste engine oil and oil filters were reduced by 25 per cent by rescheduling vehicle maintenance to take advantage of extended oil change intervals and by recycling all waste lubrication products, oil, cooling system and oil filters and anti-freeze.

Fabrication Shop

- As part of the Broad Street Revitalization Project, the Fabrication Shop built and installed various pieces of street furniture, litter tubs and parking meter kiosks.
- After viewing the street furniture built for downtown Victoria, the City of Ladysmith requested a similar project, which resulted in a \$55,000 contract for the City of Victoria.
- To meet the challenge of re-using all the original rail fittings in order to duplicate the original hand railing, a reproduction hand railing was fabricated and installed on the south side of the Johnson Street Bridge.
- Worked in conjunction with various outside agents to construct and install a metal mounting fixture to hold the refurbished Totem Pole in Beacon Hill Park.

Victoria Police Department 2001 Highlights

- Implemented Downtown Foot Patrol with eight Beat Officers assigned to the core area.
- Created a Diversity Manager Position.
- Restructured the organization from eight levels to four levels and reassigned administrative roles to service delivery roles within a reduced managerial structure.
- Fully implemented a Targeted Policing Division, encompassing surveillance, intelligence, downtown beats, downtown bicycles and traffic enforcement.
- Followed successful enforcement strategies to address the issue of downtown graffiti.
- Focused on building relationships both internal and external to the organization.
- Created a Special Events Coordinator position to coordinate policing of events occurring in Victoria (protests, festivals, holiday events, etc.).
- Changed Community Policing from Divisional status to a section within the Primary Response Division to ensure the Department more closely aligns community-policing initiatives with mainstream policing.

Parks, Recreation & Community Development Department

The year 2001 was a year marked with many changes and achievements. The Department was restructured to include the Parks Division (previously with the Engineering Department) and the creation of a new Recreation Services Division. The new Department of Parks, Recreation and Community Development is working to build an integrated service delivery approach that anticipates greater community involvement in the development of spaces, places and programs that encourage healthy and active living for Victoria's residents.

A major project for the Department has been to oversee the development of a new Multipurpose Sport and Entertainment Centre for Victoria. Following a public consultation process, a Request for Expressions of Interest and the negotiation of a Memorandum of Understanding and Partnering agreement, City Council endorsed in the fall, the development of a new 7000 seat facility through a partnership with RG Properties.

Community Development Division

- The Festival Investment Grant program assisted local event organizers with \$65,000 of financial support towards the production of major festivals
- More than 150 permits were issued for festivals, celebrations and other events.
- 13 Neighbourhood Associations receive Neighbourhood Development funding, Matching grant funds and Neighbourhood Celebration grants.
- City staff in partnership with Victoria's youth helped to raise more than half the proceeds (\$190,000) towards the development of a new skateboard Park and basketball court currently under construction in the Vic West Park
- A Community Action Plan to address Homelessness in Victoria was produced in collaboration with 13 community groups and \$1.2 million of federal funds was allocated to assist organizations responding to homelessness in Victoria.
- Staff coordinated the Capital Region Action Team's sexually exploited youth project funded through the National Crime Prevention Fund and secured \$30,000 for project coordination.

Parks Division

- Phase One of the Beacon Hill Management Plan was completed
- The Parks Integrated Pest Management Program is one of the leading programs in Canada. Chemical use has been reduced 97% since the program was introduced. The program also works to protect our trees and plants through the control of invasive pests and the use of biological controls. In 2001, 120,000 ladybird beetles were released as part of this program to reduce aphid infestations.
- Re-development plans for the Ross Bay Cemetery Perimeter were completed.
- A new playground by the Vic West Y and plans for stabilizing the erosion of Banfield Parks waterfront pathway were completed.
- The re-development of Academy Close in partnership with the Provincial Capital Commission resulted in a great new public space and improved pedestrian linkages between Beacon Hill Park and St. Ann's Academy.

- The "To Rise Again" Campaign garnered significant community volunteer and financial support to aid in the refurbishment of the world's tallest totem pole which stands proudly once again in Beacon Hill Park.
- Cecilia Creek daylighting created a brilliant new park in the Burnside-Gorge neighbourhood and design plans to complete this park with natural plantings and special features are being implemented.
- Park staff generated international recognition for Victoria at Montreal's International Mosaiculture Exhibition through a mosaic re-creation of Emily Carr's "Raven" painting.

Recreation Services

- More than 600,000 people participated in programs, events and concerts at the Memorial Arena. 2001 Event highlights included; Victoria Shamrocks, Western Canada Finals for Victoria Salsa, the Women's national hockey team and a Vancouver Ravens Lacrosse exhibition.
- Eight Community and three Senior Centres managed by volunteer boards supported by funding from the City through operating grants and facility maintenance, provided community recreation, social and education programs to more than 330,000 participants.
- Travellers Inn Fastball league underwent a major revitalization in 2001, becoming Canadian Champions and generating renewed spectator support at Royal Athletic Park. Attendance in Royal Athletic Park programs and events is estimated at 30,000.
- The City of Victoria Leisure Involvement for Everyone (L.I.F.E.) program provided \$59,000 of financial support to more than 1,800 economically disadvantaged children, youth and adults. With added support from Frontrunners more than 100 LIFE program participants received free running shoes to fuel our campaign to encourage healthy living for everyone.
- The Crystal Pool and Fitness Centre recorded more than 350,000 visits to its facility in 2001. Swim program participation increased 11 per cent and fitness program participation increased 5 per cent over 2000 levels.

Finance Department 2001 Highlights

In 2001 restructuring of the former Corporate Services Department resulted in a re-established Finance Department and the hiring of a New Director of Finance. The Department consists of three divisions, Financial Services, Supply Management and Information Systems. Each of the Divisions has restructured in order to provide better customer service and accommodate the implementation of the new enterprise resource planning system. The Department is committed to managing the financial affairs of the City in an efficient, innovative and professional manner and dedicated to providing financial leadership, technical support, information and advice in the delivery of services.

Financial Services

- In 2001 significant changes were made to the City financial statements and year-end processes to ensure the City was in compliance with Generally Accepted Accounting Principles according to the Public Sector Accounting Board of Canada (PSAB). These changes also resulted in a more efficient year-end process that will translate into less staff time spent preparing year-end working papers and financial statements in 2002.

- The City contracted with IBM to lead us through a comprehensive process to select new financial systems to replace our existing AS 400 systems. This resulted in the selection of JD Edwards to replace our financial systems (general ledger, job costing, procurement and accounts payable, accounts receivable etc.) with an integrated Enterprise Resource Planning and Tempest to replace our property based systems (i.e. taxes, utility billing, business licences, permits, etc.).

The Municipality of Saanich, who were also looking to purchase financial system software, announced that they intended to purchase JD Edwards. In order to achieve cost savings and increased efficiencies the Victoria and Saanich agreed to a jointly implement JD Edwards in both Municipalities. This joint implementation model is unique to the software industry and will hopefully help encourage more cooperation among Municipalities.

- Finance worked with a corporate staff team, a Downtown Resource Committee, the Advisory Transportation Committee and the Downtown Advisory in the development of a new Downtown Parking Strategy that addressed a variety of Parking issues in a coordinated manner. This strategy reviewed all aspects of downtown parking and made recommendations on parking policies, operations, enforcement, marketing, incentives and exemptions.

Supply Management Division

Early in 2001, the Supply Management Services Division moved their offices back into City Hall to join the rest of the Finance Department. The integration of Supply Management provided the opportunity for better communication and co-ordination among staff, and resulted in improved customer service. Major projects in 2001 included:

- The roll-out of the CIBC (VISA) Purchasing Card Program was completed in 2001. Approximately 180 users from all City departments now use this program which is an efficient, cost-effective method for handling small dollar purchases.
- Members of the Finance Department have been actively involved from the Request for Expressions of Interest through the creation of the Partnering Agreement for the Multipurpose Facility.
- Supply Management Services, in co-ordination with Community Development, Engineering, and the skateboarding community, completed its first design-build project with the Vic West Youth Park. The park includes a skateboard facility and a basketball court, and is scheduled to open in May 2002.

Information Systems Division

The Information Systems (IS) group implemented several internal projects in 2001 including migrating the last desktops from purchase to lease; consolidating servers and systems; continuing the conversion of City desktops from Token Ring to Ethernet, and upgrading the network infrastructure in preparation for the new systems coming in 2002.

JD Edwards and Tempest were selected as the Enterprise Systems Project, supported by internal staff and using the Microsoft SQL database. The JD Edwards project will include integration with the web site to provide additional functionality to the public.

Several internal web tools were implemented:

- The City Planning Department was converted from CityViews to Mapguide, which provides additional functionality of city maps and planning information and enables other City users to share the map information very easily.
- A Purchase Card management tool was developed by IS staff, providing an easy to use front end for Purchasing Card management and input to the Accounts Payable system.
- The City phone list was converted from paper to an on-line searchable database and provided to all staff.

2001 also saw a lot of staff movement in the S division: the Manager retired, staff were allocated to the ERP project and the process to hire new and replacement staff begun. This re-organization will continue during 2002 as the IS Division re-structures itself to best support the new systems and functionality.

Planning & Development Department 2001 Highlights

The Planning and Development Department is responsible for land development, bylaw enforcement, inspections, permits, planning, surveys and mapping. The City Solicitor function also resides within this department. In 2001 two new positions — Manager of Regulatory Services and Planning Technician were created and filled. As well, a Business License officer was transferred from the Finance Department.

The Department is frequently involved in policy development which involves consultation with affected interests to address civic issues and may include research, inventory, mapping, workshops, surveys and public meetings. Staff also respond to questions about City planning regulations, policies and procedures with the objective of providing timely and accurate information to communicate the City's future vision and avoid hardship to customers while protecting the City's reputation and liability.

In 2001, the planning and development division very proudly received the following awards for its work:

- BC Heritage Trust Grant of \$7,500 for Heritage Strategy Study
- Capital Regional District Centennial Square Project BC Heritage Trust Grant \$30,000 for Police Building Façade
- Commercial Real Estate Board Awards for miscellaneous projects in Victoria
- Greenways Grant of \$15,000 from the Provincial Capital Commission
- Prince of Wales Heritage Canada Award for the City's Heritage Program
- Hallmark Society Award for the City's Tax Incentive Program
- The City and Civic Heritage Trust were awarded the Gold Medal at the Canadian Home Builders Association's 2001 CARE Awards for Excellence by Local Government in Cooperation/Leadership with Industry for the City's Tax Incentive Program for residential conversion of heritage buildings

Property Management Division

- Generated \$1,900,000 gross revenue from leasing in 2001 and \$700,000 from completed property sales.

- Property sales under contract completing in 2002 are worth a value of \$2.4 million.
- Executed and negotiated 18 leases.
- Executed 10 contracts of purchase and sale, some of which close in 2002.
- Completed negotiations with RCMP regarding 211 Harbour Road.

Permits & Inspections

- 2,907 new building permits were issued in 2001 with a total value of \$106,432,265 which represents an increase of 59 permits and \$3,294,582 over 2000.

Regulatory and Development Services

In order to make the fee schedules consistent with other municipalities and clarify the fee for which the inspection service is being provided, electrical permit fees have been separated from the building permit. In 2002 the plumbing permit fees will also be removed. In 2001, the following revenue was generated:

Building Permits	\$1,240,900
Plumbing Permits	29,900
Electrical Permits	98,500
Business Licences (@ 50%)	<u>625,000</u>
TOTAL	\$1,994,300

Economic Development Division

Business outreach continued in 2001 as an ongoing function of the Economic Development Division:

- Staff interviewed local business owners on a weekly basis through a partnership program with BC Hydro called BusinessCARE.
- The division assisted over 20 businesses with City Hall processes (business license process, development issues).
- 10 businesses were assisted with "red flags" (issues that were jeopardizing their business success). Working with businesses to resolve these issues involves large amounts of facilitation time.

The Division also carried out regular communications and marketing activities:

- Development, production and distribution of the *City Business* newsletter continued in 2001. 3000 copies were distributed each quarter to local private and public sector businesses. In addition electronic copies of the newsletter were posted on the City website.
- Custom information and marketing packages were created on a weekly basis for a wide variety of customers, including students, local businesses, prospective businesses and government agencies. Approximately 20 information requests per month are processed by Economic Development staff.

The Division participated in the following major projects 2001:

- KPMG Competitive Alternatives: A partnership project with KPMG Consulting to produce a document detailing Victoria's competitive cost advantages for businesses. The document details and compares business costs across North America and is marketed and promoted both by KPMG and by the City.
- CRD Largest Employers Survey: A partnership project to collect data from Victoria's largest employers.
- Invest BC Database: A project to collect local business and demographic data for the Invest BC website/database. Invest BC is a partnership of public and private agencies, established to assist companies considering locating a business in British Columbia. Invest BC offers one single point of contact to BC's government agencies, infrastructure providers, real estate providers and regulators.
- Industry Canada Database: A partnership project with Industry Canada to collect data for a "site selector" database. Data is used to market and promote the various regions of Canada. The data allows potential businesses to compare business costs between different regions of Canada and the US.

Victoria Conference Centre 2001 Highlights

2001 marked another successful year for the Conference Centre, generating \$35.8 million dollars in economic spending to the community and a net operating surplus of just over \$150,000. In order to maximize the economic impact of its business on the community, marketing strategies were refocused to those that would attract and secure the largest number of city-wide conferences. These strategies included increased research activities to identify new business opportunities; the development of more targeted, one-to-one marketing activities to key clients; the elimination of broadly focused advertising programs, and the increase of site visits by key clients to showcase Victoria.

Sales and Events

262 events were hosted at the Conference Centre, which attracted over 89,000 attendees. In addition, 55 additional conferences were secured for future years which will bring over 24,000 additional out-of-town delegates to our city and generate a further 90,000 + delegate days in the coming years. One particularly noteworthy future event that was secured was the Canadian Society of Association Executive's 2003 annual conference and trade show.

This prestigious national association represents the Conference Centre's primary market segment and is a key marketing opportunity because it will allow Conference Centre staff to showcase both the facility and Victoria as a destination to the decision makers of over 500 individual Canadian associations.

Operations

In addition to the Conference Centre's excellent preventative maintenance program, an additional \$400,000 in capital improvements were completed. These included new cushioned carpet in Carson Hall, an upgrades network server, a newly renovated Victoria Room, and a new emergency operations room as part of the Centre's emergency response program.

Other key highlights included:

- The Conference Centre web site was redesigned to make it more functional and interactive for potential clients, delegates, and the community.
- The Conference Centre parkade continued to generate significant revenue, increasing by 6 per cent over 2000, despite the significant tourism downturn in the last quarter.

Rental revenue from retail stores remained stable.

Human Resources Department 2001 Highlights

The Human Resources Department provides services to all City employees and departments in a variety of areas such as:

- Recruitment and selection
- Training
- Organization development
- Pay and benefit administration
- Labour relations
- Health, safety and disability management
- Employee recognition and counselling
- Policy and systems development

In 2001, four-year collective agreements that served as benchmarks for the other municipalities in the region were successfully negotiated with CUPE without work disruption such as strike or lockout. Human Resources administers the eight collective agreements and the City Employees Bylaw that establish the terms and conditions for City workers.

As well, Human Resources oversaw the City's compliance with new Worker's Compensation Board Occupational Health and Safety Regulations, including restructured safety committees, new member initiation and an expanded safety training and audit program.

Human Resources participated in all levels of the Enterprise Resource Planning project and were involved with selection of the system and project planning.

Busiest areas of work resulted from handling 88 grievances, 131 staffing competitions and 73 job evaluation pay reviews.

Corporate Administration 2001 Highlights

2001 was a year of change in the organization of the City's corporate administration functions. Council created a new officer position of Corporate Administrator and assigned the responsibilities for Legislative Services, Archives & Records and the City's Print Shop to the position.

The Corporate Administrator is also responsible for managing the City's liquor license application process, for contact with the Provincial Ombudsman and is the Head for the City of Victoria under the Freedom of Information & Protection of Privacy Act.

Archives & Records

The Archives and Records Division was established in 1967 by Mr. Ainslie Helmcken, grandson of Dr. John Sebastian Helmcken, who arrived in Victoria in 1850. The City of Victoria Archives is responsible for acquiring, preserving and making archival material accessible in the form of civic and private records documenting the history of Victoria.

Legislative Services

Legislative Services manages the flow of reports, agendas and minutes for Council and Committee of the Whole (COTW), provides secretarial support to Council and COTW, prepares and distributes official communications on behalf of Council, administers the City Advisory Committee selection and appointment process and administers civic elections.

Print Shop

The City Print Shop is responsible for the processing of all City mail and for operating the City's in-house document reproduction facility. The Print Shop produces a wide variety of publications ranging from Council agendas to special bound documents for both internal and external clients.

Financial Section

Message from the Director of Finance

I am pleased to submit to Council an audited report covering the annual financial statements of the City of Victoria, in accordance with section 328 of *The Local Government Act*. These financial statements include the consolidated statements of financial position of the Corporation of the City of Victoria as at December 31, 2001 and the related consolidated statements of financial activities, changes in financial position, and changes in the reserve, operating and capital funds and the fund balances for the year.

The Consolidated Financial Statements of the City of Victoria provide important information about the overall financial condition of the City. They form a comprehensive financial picture used by City Council and other levels of government as well as by other interested readers including the citizens of Victoria, other municipalities and the media.

The year 2001 resulted in an improved municipal position (\$12. million) that was the result of an increase in the equity in physical assets (\$16.8 million) and a net surplus in the operating funds (\$0.7 million) offset by a reduction in reserve funds (\$3.1 million) and an increase in unfunded employee benefits (\$1.9 million).

The City's revenue increases were due mainly to an increase in taxes (\$3.1 million) and in the sale of goods and services (\$1.4 million).

Our largest expenditure increases were in the protective services area (\$2.5 million) and in the general government area (\$2.0 million). In the protective services the addition of staff was a contributing factor in the Police Department while the other increases were generally changes in wage rates complying with collective agreements.

Like many other municipalities the City of Victoria is faced with increasing expectations from its citizens for protection and safety of the community, improved services and quality infrastructure. These demands must be balanced within a framework of acceptable tax levels; the prudent use of debt financing and ensuring the City has adequate reserves. To address this challenge City Council has adopted a five-year financial plan that projects the expected revenues and expenditures over this time period and includes a capital funding strategy while rebuilding some key reserves.

The next few years will be an exciting time for the City with the introduction of the new Community Charter; the advent of the new Multipurpose Facility; the implementation of technologically advanced computer information systems supporting the needs of the corporation as a whole; and improved cooperation among neighboring municipalities in shared services and joint ventures. As a newcomer to Victoria I really appreciate the quality of life the City provides its citizens — which is second to none, and I am enthusiastic about the possibilities of helping the City improve the delivery of its services in a cost effective manner to further enhance the most livable City in Canada.

In closing, I would like to thank all those who contributed to a successful year in 2001 and are working together to best serve Victoria including City Council, Department Heads and staff in all the City Departments but in particular staff in the Finance Department who have demonstrated a high level of professionalism and dedication in their performance over the past year.

Keith Dowdall, Director of Finance

**Finance
Department**



#1 Centennial Square
Victoria
British Columbia
V8W 1P6

May 13, 2002

RE: FINANCIAL REPORTING RESPONSIBILITY

Tel (250) 361-0573
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The accompanying statements of The Corporation of the City of Victoria are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are consistent with generally accepted accounting principles for local governments as recommended by the Public Sector Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The City's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Municipal Council, acting through its Standing Committees, oversees management's responsibilities for the financial reporting and internal control systems. The Committees meet periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to Council.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the City have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to the Council to discuss their audit and their related findings as to integrity of the financial reporting process.

Keith Dowdall
Director of Finance



KPMG LLP
Chartered Accountants

St. Andrew's Square II
800 - 730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Telefax (250) 480-3539
www.kpmg.ca

AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE CORPORATION OF THE CITY OF VICTORIA

We have audited the consolidated statement of financial position of The Corporation of the City of Victoria as at December 31, 2001 and the related consolidated statements of financial activities, changes in financial position, and changes in reserve funds and the operating funds and capital funds consolidated statements of financial activities and fund balances for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Victoria, Canada

March 8, 2002, except as to note 20
which is of May 13, 2002

THE CORPORATION OF THE CITY OF VICTORIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT A

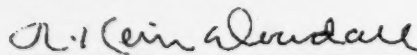
December 31, 2001, with comparative figures for 2000

	2001	2000
Financial Assets		
Cash and short-term investments (note 2)	\$ 17,673,913	\$ 18,749,407
Property taxes receivable	3,342,008	3,785,831
Accounts receivable	6,473,483	5,849,988
Other assets	606,876	525,538
Inventories for resale	28,435	22,204
Municipal Finance Authority debt reserve fund deposits (note 3)	3,641,884	3,570,783
Property acquired for taxes	64,392	136,255
Long-term investments (note 4)	13,795,918	13,030,575
Total financial assets	45,626,909	45,670,581
Liabilities		
Accounts payable	9,240,862	8,231,267
Prepaid property taxes	839,628	291,389
Deferred revenue	617,940	581,086
Other liabilities (note 5)	2,411,542	1,569,223
Municipal Finance Authority debt reserve fund deposits (note 3)	3,641,884	3,570,783
Employee benefit obligations (note 6)	5,814,341	3,970,311
Capital lease obligations (note 7)	713,184	-
Long-term debt (note 8)	26,953,314	30,169,204
Total liabilities	50,232,695	48,383,263
Net financial liabilities	(4,605,786)	(2,712,682)
Physical assets (note 9)	333,652,739	319,244,441
Total net financial liabilities and physical assets	\$ 329,046,953	\$ 316,531,759
Municipal Position		
Operating Funds (Statement C) (note 10)	\$ 11,195,033	\$ 10,530,778
Capital Funds (Statement D)	-	-
Equity in physical assets (note 11)	305,163,422	288,285,100
Reserve Funds (Statement E) (note 12)	17,708,262	20,792,194
Unfunded employee benefit obligations (note 6)	(5,019,764)	(3,076,313)
Total municipal position	\$ 329,046,953	\$ 316,531,759

Contingent liabilities (note 17)

See accompanying notes to financial statements.

Approved by the Director of Finance:



Approved by the Comptroller:



THE CORPORATION OF THE CITY OF VICTORIA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

STATEMENT B

Year ended December 31, 2001, with comparative figures for 2000

	Actual 2001	Budget 2001	Actual 2000
Revenues:			
Taxes (note 13)	\$ 61,214,355	\$ 61,280,792	\$ 58,090,808
Payments in lieu of taxes (note 14)	3,885,919	3,879,180	3,897,607
Sales of goods and services	22,312,938	20,747,515	20,943,029
Sale of water	7,235,435	7,665,729	7,065,980
Licences and permits	2,657,632	2,721,298	2,550,306
Fines	2,796,426	2,903,021	2,668,478
Rentals and leases	577,228	410,000	449,612
Interest and penalties	2,848,928	2,065,000	3,203,061
Unconditional government transfers (note 15)	413,569	413,569	571,002
Conditional government transfers (note 15)	781,903	1,394,396	852,220
Miscellaneous	3,744,945	3,097,372	3,507,243
	108,469,278	106,577,872	103,799,346
Expenditures (note 16):			
General government	19,488,225	20,448,867	17,521,102
Protective services	34,306,225	33,687,740	31,766,481
Transportation services	17,386,136	16,753,511	19,257,565
Environmental and public health services	5,988,167	6,929,584	6,739,556
Community planning	1,127,111	1,234,298	1,049,467
Parks, recreation and cultural services	21,222,101	22,398,027	21,013,855
Water utility	6,982,330	7,531,812	7,513,317
Sewer utility	2,479,878	2,735,781	2,658,321
	108,980,173	111,719,620	107,519,664
Excess of expenditures over revenues	(510,895)	(5,141,748)	(3,720,318)
Debt principal repaid	(2,621,966)	(2,621,965)	(2,534,403)
Unfunded employee benefits	(1,943,451)	-	(3,076,313)
Capital lease obligation	713,184	-	-
Change in fund balance	\$ (4,363,128)	\$ (7,763,713)	\$ (9,331,034)

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES OPERATING FUNDS

STATEMENT C

Year ended December 31, 2001, with comparative figures for 2000

	Actual 2001	Budget 2001	Actual 2000
Revenues:			
Taxes	\$ 61,214,355	\$ 61,280,792	\$ 58,090,808
Payments in lieu of taxes	3,885,919	3,879,180	3,897,607
Sale of goods and services	20,989,002	19,937,191	19,820,228
Sale of water	7,235,435	7,665,729	7,065,980
Licences and permits	2,657,632	2,721,298	2,550,306
Fines	2,796,426	2,903,021	2,668,478
Rentals and leases	577,228	410,000	449,612
Interest and penalties	2,848,928	2,065,000	3,203,061
Unconditional government transfers	413,569	413,569	571,002
Conditional government transfers	494,092	554,300	447,104
Miscellaneous	3,744,945	3,097,372	3,507,243
	106,857,531	104,927,452	102,271,429
Expenditures:			
General government	16,423,486	17,997,233	15,546,726
Protective services	33,540,914	32,718,882	31,115,340
Transportation services	11,079,350	10,371,845	11,638,473
Environmental and public health services	4,997,071	4,676,922	4,041,945
Community planning	1,127,111	1,234,298	1,049,467
Parks, recreation and cultural services	19,739,757	19,342,688	19,668,182
Water utility	5,716,815	5,813,122	6,042,813
Sewer utility	1,648,719	1,572,219	1,696,788
	94,273,223	93,727,209	90,799,734
Excess of revenues over expenditures	12,584,308	11,200,243	11,471,695
Debt principal repaid	(2,621,966)	(2,621,965)	(2,534,403)
Net transfers to Capital Funds	(5,759,433)	(6,600,351)	(5,306,680)
Net transfers to Reserve Funds	(3,538,654)	(2,004,938)	(5,444,117)
Change in Operating Funds balances	664,255	(27,011)	(1,813,505)
Fund balances, beginning of year	10,530,778	10,530,778	12,344,283
Fund balances, end of year (note 10)	\$ 11,195,033	\$ 10,503,767	\$ 10,530,778

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES CAPITAL FUNDS

STATEMENT D

Year ended December 31, 2001, with comparative figures for 2000

	Actual 2001	Budget 2001	Actual 2000
Revenues:			
Sale of goods and services	\$ 1,323,936	\$ 810,324	\$ 1,122,801
Conditional transfers from other governments	287,811	840,096	405,116
	1,611,747	1,650,420	1,527,917
Expenditures:			
General government:			
Buildings	934,989	1,121,634	1,284,591
Machinery and equipment	2,129,750	1,330,000	689,785
	3,064,739	2,451,634	1,974,376
Protective services:			
Buildings	266,215	299,722	246,986
Machinery and equipment	499,096	669,136	404,155
	765,311	968,858	651,141
Transportation services:			
Engineering structures	3,896,847	4,078,981	5,691,891
Buildings	-	19,568	-
Machinery and equipment	2,409,939	2,283,117	1,927,201
	6,306,786	6,381,666	7,619,092
Environmental and public health services:			
Engineering structures	991,096	2,252,662	2,649,944
Land	-	-	47,667
	991,096	2,252,662	2,697,611
Parks, recreation and cultural services:			
Engineering structures	310,816	1,463,719	89,715
Buildings	679,870	889,340	655,414
Machinery and equipment	491,658	702,280	600,544
	1,482,344	3,055,339	1,345,673
Water utility	1,265,515	1,718,690	1,470,504
Sewer utility	831,159	1,163,562	961,533
Total expenditures	14,706,950	17,992,411	16,719,930
Excess of expenditures over revenues	(13,095,203)	(16,341,991)	(15,192,013)
Net transfers from Operating Funds	5,759,433	6,600,351	5,306,680
Net transfers from Reserve Funds	6,622,586	9,741,640	11,025,166
Capital lease obligation	713,184	-	-
Change in Capital Funds balances	-	-	1,139,833
Funds balances, beginning of year	-	-	(1,139,833)
Funds balances, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

CONSOLIDATED STATEMENT OF CHANGES IN RESERVE FUNDS

STATEMENT E

Year ended December 31, 2001, with comparative figures for 2000

	Actual 2001	Budget 2001	Actual 2000
Funds balances, beginning of year	\$ 20,792,194	\$ 20,792,194	\$ 26,373,243
Add:			
Transfer from Operating Funds	3,538,654	2,004,938	5,444,117
Transfer from Capital Funds	593,733	-	158,591
	4,132,387	2,004,938	5,602,708
Deduct transfer to Capital Funds	7,216,319	9,741,640	11,183,757
Change in Reserve Funds	(3,083,932)	(7,736,702)	(5,581,049)
Funds balances, end of year (note 12)	\$ 17,708,262	\$ 13,055,492	\$ 20,792,194

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

STATEMENT F

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Cash and short-term investments provided by (used for):		
Operations:		
Excess of expenditures over revenues	\$ (510,895)	\$ (3,720,318)
Decrease (increase) in non-cash financial assets:		
Property taxes receivable	443,823	(81,364)
Accounts receivable	(623,495)	(187,586)
Other assets	625,615	195,904
Property acquired for taxes	71,863	34,540
Increase (decrease) in short-term liabilities:		
Accounts payable	1,009,595	(254,921)
Other liabilities	1,394,730	(115,922)
Employee benefit obligations	(99,421)	(13,347)
	<u>2,311,815</u>	<u>(4,143,014)</u>
Investing:		
Increase in long-term investments	(765,343)	(737,956)
Financing:		
Debt principal repaid	(2,621,966)	(2,534,403)
Decrease in cash and short-term investments	<u>(1,075,494)</u>	<u>(7,415,373)</u>
Cash and short-term investments, beginning of year	18,749,407	26,164,780
Cash and short-term investments, end of year	<u>\$ 17,673,913</u>	<u>\$ 18,749,407</u>

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

The Corporation of the City of Victoria (the "City") is a municipality in the Province of British Columbia, Canada and operates under the provisions of the Local Government Act. The City provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.

1. Significant accounting policies:

The financial statements of the City are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City.

Inter-departmental balances and organizational transactions are eliminated.

The statements exclude trust assets that are administered for the benefit of external parties (note 16).

(b) Basis of accounting:

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund accounting:

Funds within the consolidated financial statements consist of the general operating, sewer operating, water operating, general capital, sewer capital, water capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Land for resale:

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

(e) Long-term investments:

Investments are recorded at cost except for the investments in the Municipal Finance Authority of British Columbia Bond, Intermediate and Money Market Funds, which are recorded at cost plus interest earned and reinvested in the funds.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

1. Significant accounting policies (continued):

(f) Physical assets:

Physical assets, comprised of capital assets, land for future municipal purposes, capital work-in-progress and inventories of materials and supplies, are recognized as expenditures in the period they are acquired. Donated capital assets are reported at estimated fair value at the time of receipt.

Physical assets are carried on the consolidated balance sheet at cost.

Land for future municipal purposes is valued at cost. Inventories of materials and supplies are valued at the lower of cost and replacement cost.

The City does not reflect amortization of capital assets in the financial statements.

(g) Equity in physical assets:

Equity in physical assets represents the historical cost of those capital assets. Equity increases as physical assets are acquired without incurring long-term debt or, where such debt is incurred, by the reduction of that debt. Equity decreases as physical assets are written off on disposal.

(h) Reserve accounts:

Reserve accounts are established within the General Operating Fund to provide for the City's specific requirements. Transfers to and/or from reserve accounts are reflected as an adjustment to the respective accounts.

(i) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(j) Foreign currency:

Monetary items denominated in U.S. dollars are converted to Canadian dollars for financial statement purposes at approximate exchange rates in effect at the reporting date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions. Gains and losses on foreign currency translations are included as revenues (expenditures).

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

(l) Capital leases:

During the year, the City prospectively adopted PSAB's capital lease recommendations. All assets held under capital lease are now recorded in the City's accounts at the present value of the net minimum lease payments, along with their associated liabilities.

(m) Comparative figures:

Certain comparative figures have been restated to conform with the current year's presentation.

2. Cash and short-term investments:

	2001	2000
Bank account balances	\$ (145,790)	\$ 783,863
Bankers' acceptances, special deposits, Municipal Finance Authority Bond and Money Market Funds	17,819,703	17,965,544
	\$ 17,673,913	\$ 18,749,407

3. Municipal Finance Authority debt reserve fund deposits:

Under borrowing arrangements with the Municipal Finance Authority ("MFA"), the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received.

As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA to act as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

3. Municipal Finance Authority debt reserve fund deposits (continued):

	2001	2000
Cash deposits	\$ 1,114,886	\$ 1,043,784
Demand notes	2,526,998	2,526,999
Total	\$ 3,641,884	\$ 3,570,783

4. Long-term investments:

	Cost		Market value	
	2001	2000	2001	2000
Government and government guaranteed investments, investments guaranteed by a financial institution	\$ 1,792,002	\$ 2,972,818	\$ 1,833,263	\$ 3,040,523
Municipal Financial Authority of British Columbia Bond and Intermediate Funds	12,003,916	10,057,757	12,003,916	10,057,757
	\$ 13,795,918	\$ 13,030,575	\$ 13,837,179	\$ 13,098,280

Long-term investments excluding the Municipal Finance Authority of British Columbia Bond and Intermediate Funds have stated interest rates of 5.00% to 14.25% (2000 - 5.00% to 14.25%) with maturity dates from January 31, 2002 to July 22, 2013. The Municipal Finance Authority Bond and Intermediate Funds earn interest based on current market conditions and do not have set maturity dates. Funds can be withdrawn from these funds after a four-day notice period.

Market values for certain investments totaling \$351,000 (2000 - \$543,000) are not available as at December 31, 2001. These investments are recorded at cost and market value is considered to approximate cost.

5. Other liabilities:

Other liabilities include accruals for certain legal claims and property tax appeals. \$300,278 has been recorded as a liability in respect of legal claims that the City's solicitor has identified and quantified. The City has accrued a liability of \$296,845 in respect of property tax assessment appeals.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

6. Employee benefit obligations:

	2001	2000
Accrued sick leave - police and fire	\$ 3,758,638	\$ 1,774,990
Accrued sick leave - other	1,227,717	1,073,042
Accrued vacation	731,577	834,715
Superannuation overcontributions	52,387	77,713
Vested sick leave	44,022	50,980
Early retirement program	-	158,871
	5,814,341	3,970,311
Less funds held in reserve	794,577	893,998
Unfunded employee benefit obligations	\$ 5,019,764	\$ 3,076,313

During the course of the year, the City changed the method of estimating employee benefit obligations. The impact of this change in estimate of \$1,943,451 has been recorded prospectively.

Employee benefit obligations represent accrued benefits as at December 31, 2001. Accrued vacation is the amount of vacation entitlement carried forward into the next year. Vested sick leave represents the City's liability for sick leave credits earned prior to 1986. Accrued sick leave - police and fire represents the sick leave entitlements of members of the Police and Fire Unions. These credits are payable upon retirement. Accrued sick leave - other is the estimated liability for sick leave for all employees other than police and fire. These sick leave entitlements can only be used while employed by the City and are not paid out upon retirement or termination of employment. This amount represents the estimated liability based on historical usage.

As part of its ongoing restructuring process, the City instituted an early retirement program whereby employees could elect to retire prior to the standard retirement age. This program ended in 1999 and the balance owing in respect to future pension plan contributions was paid out in 2001.

The superannuation overcontribution liability represents amounts, including interest, owing to police officers and fire fighters for the employer's share of superannuation overcontributions. These amounts are payable upon retirement.

7. Capital lease obligations:

2002	\$ 445,705
2003	264,719
2004	125,202
2005	8,007
Thereafter	-
Total minimum lease payments	843,633
Less amount representing interest at 15%	130,449
Present value of net minimum capital lease payments	\$ 713,184

Total interest expense during the year was \$58,135.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements:

Year ended December 31, 2001

8. Long-term debt:

(a) Long-term debt outstanding:

Debt payable, issued in the name of the City, includes the following amounts:

By-law	Purpose	Year maturing	Rate %	Gross balance December 31, 2001	Sinking funds/ accumulated repayments	Net balance December 31, 2001	Net balance December 31, 2000
General Capital							
83-19	Roads	2003	12.350	\$ 7,637,066	\$ 8,000,732	\$ 1,636,334	\$ 2,322,211
83-19	Drainage	2003	12.350	478,713	376,143	102,570	145,563
90-23	Downtown revitalization	2006	9.000	157,442	-	157,442	181,483
91-34	Drainage	2006	10.250	2,080,394	1,533,978	546,416	640,595
92-26	Downtown revitalization	2008	6.000	114,955	-	114,955	127,875
92-114	Drainage	2008	7.260	1,555,120	718,911	836,209	934,021
93-130	Police station	2008	7.180	8,495,091	4,592,784	3,902,307	4,358,765
93-130	Roads	2008	7.180	1,820,377	984,168	836,209	934,021
93-130	Cliffs and seawall	2008	7.180	1,820,377	984,168	836,209	934,021
93-130	Drainage	2008	7.180	4,071,187	2,201,046	1,870,141	2,088,894
95-58	Police station	2010	7.375	9,970,083	3,122,246	6,847,837	7,439,295
95-58	Roads	2010	7.375	2,592,222	811,784	1,780,438	1,934,217
95-58	Cliffs and seawall	2010	7.375	2,492,520	780,561	1,711,959	1,859,824
95-58	Fire station	2010	7.375	1,495,513	468,337	1,027,176	1,115,894
95-58	Drainage	2010	7.375	1,688,284	528,705	1,159,579	1,259,733
97-35	Police station	2012	5.850	623,099	122,937	500,162	533,691
97-35	Cliffs and seawall	2012	5.850	2,143,460	422,904	1,720,556	1,835,897
97-35	Drainage	2012	5.850	297,123	58,622	238,501	254,489
Total General Capital				49,533,026	23,708,026	25,825,000	28,900,489
Sewer Capital							
78-9	Sewer system	1998	9.265	900,492	900,492	-	-
83-19	Sewer system	2003	12.350	478,713	376,143	102,570	145,563
93-130	Sewer system	2008	7.180	783,150	423,402	359,748	401,828
95-58	Sewer system	2010	7.375	804,237	251,856	552,381	600,091
97-35	Sewer system	2012	5.850	141,541	27,926	113,615	121,233
Total Sewer Capital				3,108,133	1,979,819	1,128,314	1,268,715
Total				\$ 52,641,159	\$ 25,687,845	\$ 26,953,314	\$ 30,169,204

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

8. Long-term debt (continued):

(a) Long-term debt outstanding (continued):

The aggregate amount of principal and interest payments required on the City's long-term debt during each of the next five years is as follows:

2002	\$ 5,760,192
2003	5,753,578
2004	4,719,130
2005	4,719,130
2006	4,651,993

Total interest expense during the year was \$3,139,934 (2000 - \$3,372,557).

In addition, the City has authorization to raise short-term capital borrowing of \$3,100,000 to assist in the financing of the Dockside Development Project. No borrowing has been undertaken to date.

(b) Debt limit:

Regulations under section 334 of the Local Government Act, as passed by the Province of British Columbia, establish municipal debt limits. The debt limit for the City is the total of 20% of the current value, as shown on the most recent audited consolidated financial statements, of the tangible capital assets of the municipality, and 20% of the average of the converted value of land and improvements in the municipality for the current year and the two immediately preceding years, which results in a debt limit of \$269,669,665.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

9. Physical assets:

	Beginning balance	Capitalizations	Expenditures	Disposals	December 31, 2001 ending balance
Sanitary sewer utility	\$ 15,940,348	\$ 831,160	\$ -	\$ -	\$ 16,771,508
Water utility	34,698,356	1,265,516	-	-	35,963,872
General capital:					
Engineering structures	118,111,733	4,920,977	-	-	123,032,710
Buildings	80,615,960	1,601,499	-	-	82,217,459
Machinery and equipment	53,568,425	4,851,292	-	(418,400)	58,001,317
Land	15,029,367	-	-	(2)	15,029,365
Work-in-progress	1,280,252	-	1,356,256	-	2,636,508
	\$ 319,244,441	\$ 13,470,444	\$ 1,356,256	\$ (418,402)	\$ 333,652,739

Physical assets include \$713,184 of assets held under capital lease.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31/01

10. Operating Funds:

The Operating Funds balance is appropriated as follows:

	Beginning balance	Appropriations	Transfers	Current year's surplus			Ending balance
				General operating	Water operating	Sewer operating	
Unappropriated balance:							
Surplus	\$ 973,555	\$ (973,555)	\$ -	\$ 585,165	\$ 289,885	\$ 160,312	\$ 1,035,362
Appropriated balance - re-accounts:							
Working capital funds	3,039,094	-	-	-	-	-	3,039,094
Economic development	524,373	600,000	(133,779)	-	-	-	990,594
Casino gaming revenue	556,378	379,909	-	-	-	-	936,287
Debt reduction	840,385	-	-	-	-	-	840,385
Innovation	200,000	-	(166,690)	-	-	-	33,310
Self insurance	2,550,000	-	-	-	-	-	2,550,000
TSL - deemed (offset)	76,992	(76,992)	-	-	-	-	-
Water utility	1,770,000	-	-	-	-	-	1,770,000
	9,557,223	902,917	(300,469)	-	-	-	10,159,671
Operating Funds balance	\$10,530,778	\$ (70,638)	\$ (300,469)	\$ 585,165	\$ 289,885	\$ 160,312	\$11,195,033

11. Equity in physical assets:

The equity in physical assets balance is comprised of the following:

	Beginning balance	Debt principal repayments	2001			December 31, 2001 ending balance
			Actuarial adjustment	Capital expenditures	Disposals	
General capital	\$ 238,915,110	\$ 2,505,106	\$ 570,385	\$ 11,940,562	\$ (418,402)	\$ 253,512,761
Water utility capital	34,698,356	-	-	1,309,113	-	36,007,469
Sewer utility capital	14,671,634	116,860	23,539	831,159	-	15,643,192
Capital Funds balance	\$ 288,285,100	\$ 2,621,966	\$ 593,924	\$ 14,080,834	\$ (418,402)	\$ 305,163,422

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

12. Reserve Funds:

The Reserve Funds are comprised of the following:

	Beginning balance	2001 transfers from General Operating Fund	2001 transfers from General Capital Fund	2001 transfers to General Capital Fund	December 31, 2001 ending balance
Equipment replacement	\$ 15,312,505	\$ 3,122,065	\$ -	\$ (6,177,474)	\$ 12,257,096
Offstreet parking	961,285	51,666	-	(568,398)	444,553
Local improvements	701,834	45,762	-	-	747,596
Tax sale lands	3,161,513	195,744	593,733	(404,056)	3,546,934
Leisure services	655,057	123,417	-	(66,391)	712,083
	\$ 20,792,194	\$ 3,538,654	\$ 593,733	\$ (7,216,319)	\$ 17,708,262

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

13. Net taxes available for municipal purposes:

	2001	2000
General taxation:		
Property and business taxes	\$ 110,414,990	\$ 104,737,305
Utility 1% tax	986,855	952,980
Special assessments:		
Land buyers	105	12,069
Boulevard frontage	529,686	491,450
Local improvement	6,008	6,008
Specified area improvement	216,138	61,571
Business improvement area	(2,627)	582,826
Sewer frontage	541,228	473,759
Hotel tax:		
Tourism Victoria - Destination Marketing Commission	2,037,606	1,931,412
Victoria Conference Centre	466,317	461,700
Less transfers to other governments:		
Capital Regional District	(6,179,390)	(6,644,641)
School	(39,847,642)	(38,801,920)
Regional Hospital District	(3,733,412)	(2,817,042)
Municipal Finance Authority	(1,939)	(1,914)
BC Assessment Authority	(1,419,318)	(1,390,796)
BC Transit	(2,800,250)	(1,963,959)
	\$ 61,214,355	\$ 58,090,808

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

14. Payments in lieu of taxes:

	2001	2000
Federal	\$ 2,034,588	\$ 1,908,084
Provincial:		
BC Buildings Corporation	2,668,549	2,792,693
Provincial agencies:		
BC Housing Management Commission	281,559	261,156
BC Hydro	165,365	172,521
BC Ferries	58,200	58,200
ICBC	216,321	215,132
Less transfers to other governments:		
Capital Regional District	(421,884)	(478,541)
School authorities	(921,205)	(882,813)
Regional Hospital District	(83,108)	(61,641)
Municipal Finance Authority	(25)	(23)
BC Assessment Authority	(33,037)	(31,996)
BC Transit	(79,404)	(55,165)
	\$ 3,885,919	\$ 3,897,607

15. Government transfers:

The following government transfers have been included in revenues:

	2001	2000
Unconditional transfers from provincial government:		
Traffic fine revenue sharing	\$ 413,569	\$ 571,002
Conditional transfers:		
Provincial:		
Jail	401,116	352,993
Federal:		
Jail	30,808	25,668
Other local governments:		
Jail	62,168	54,324
Miscellaneous	-	14,118
Infrastructure grants:		
Sewer	10,769	123,292
General capital	224,729	194,056
Cost sharing:		
General capital	52,313	87,769
	781,903	852,220
	\$ 1,195,472	\$ 1,423,222

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

16. Expenditures by object:

	2001	2000
Salaries, wages and employee benefits	\$ 62,721,280	\$ 60,212,936
Equipment	8,347,522	7,932,304
Materials, supplies and contracted services	27,868,327	29,987,850
Interest and foreign exchange	3,318,754	3,372,557
Other	6,724,290	6,014,017
	\$ 108,980,173	\$ 107,519,664

17. Contingent liabilities:

The City is defendant in various lawsuits as of December 31, 2001. The City's solicitors have identified and quantified a number of claims that are likely to be successful. \$300,728 (2000 - \$nil) has been recorded as a liability in respect of these claims. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. An insurance reserve of \$2,550,000 is maintained to offset settlements, should any arise, and insurance coverage is maintained to provide for insurable claims, should they exceed the liability deductible of \$1,000,000 in any year. While it is not possible to estimate the ultimate liability with respect to pending litigation, the City solicitor believes there will be no material adverse effect on the financial position of the City.

New condominium construction in British Columbia over the last ten years has resulted in significant construction deficiencies. Liability for these deficiencies is presently being addressed by the courts. The impact of the courts' decisions and their effect on the City are unknown at this time. The City has received various statements of claim with respect to alleged construction deficiencies. Statements of defence have been made on behalf of the City by the City's solicitors. No determination of the City's liability, if any, has been made and no estimate of potential loss can be made or recorded at this time. Any liability will be recorded when a settlement is likely and the amounts are determinable.

Capital Regional District debt, under provisions of the Local Government Act, is a direct, joint and several liability of the Capital Regional District and each member municipality within the Capital Regional District, including the City.

The City is reviewing environmental objectives and potential liabilities for its activities and properties and potential site reclamation obligations. The amount of any such obligations has not been determined.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

Year ended December 31, 2001

18. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan governed by the *BC Public Sector Pension Plans Act*. The pension plan is a multi-employer contributory defined benefit pension plan with about 125,000 active contributors, including approximately 26,000 contributors from over 180 local governments. Joint trusteeship was established effective April 5, 2001. The board of trustees, representing plan members and employers, is fully responsible for the management of the pension plan, including investment of the assets and administration of the plan. The British Columbia Pension Corporation provides benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the pension plan.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicates a surplus of \$436 million, an improved position of 9% surplus of covered payroll from a 14% unfunded liability of covered payroll as at the previous valuation of December 1997. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. Each employer expenses contributions to the plan in the year in which payments are made.

19. Trust assets and liabilities:

The City administers the following trusts on behalf of third parties:

	2001	2000
Ross Bay Cemetery	\$ 395,383	\$ 390,805
Nature Interpretation Centre	253,194	242,644
	\$ 648,577	\$ 633,449

The Ross Bay Cemetery Trust is a care fund for the non-commercial Ross Bay Cemetery and is used for perpetual maintenance.

The Nature Interpretation Centre is a trust for the construction of a nature interpretation center in Beacon Hill Park.

20. Subsequent event:

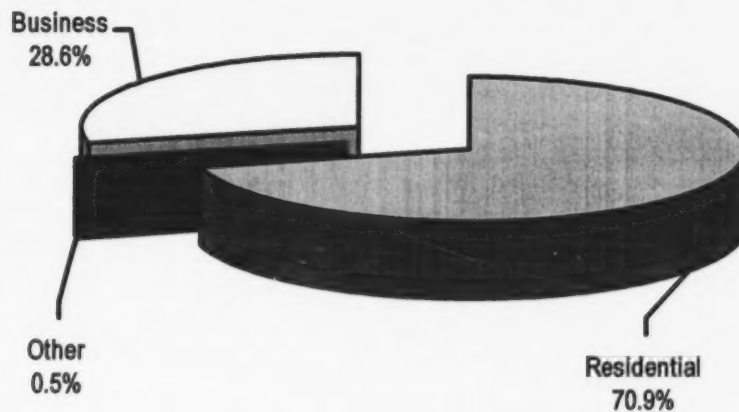
The City is a defendant in an action brought by Pacific National Investments Ltd. ("PNI") which alleges unjust enrichment in relation to a City Council decision in 1993 to rezone property owned by PNI. On May 7, 2002, the BC Supreme Court found the City liable and awarded PNI \$1,080,000 plus interest estimated to be \$422,962. The City is appealing the decision. The outcome of the appeal is not determinable at this time.

Statistical Section

Taxable Assessments of Land & Improvements 1997 - 2001 (In millions)

	1997	1998	1999	2000	2001
PROPERTY CLASS					
Residential	\$ 4,814	\$ 4,908	\$ 4,914	\$ 4,870	\$ 4,905
Utilities	14	10	7	8	9
Industrial - Light	21	24	24	27	27
Business	1,944	2,055	1,947	2,033	2,126
Seasonal	11	12	10	9	8
	\$ 6,804	\$ 7,010	\$ 6,902	\$ 6,947	\$ 7,076

Assessments By Type



Source: BC Assessment

Property Tax Rates 1997 - 2001

	1997	1998	1999	2000	2001
<i>MUNICIPAL (\$ per 1000 assessment)</i>					
Residential	4.8613	4.7997	5.0093	5.1662	5.4699
Utilities	28.9835	29.3980	34.0880	32.6270	33.7871
Industrial - Light	12.8048	12.4263	13.0592	13.5690	14.3049
Business	12.8048	12.4263	13.6352	13.3618	13.5149
Seasonal	7.6421	7.3915	9.3658	10.2844	9.9022

TOTAL - Including School, Region, etc. (\$ per 1000 assessment)

Residential	9.2919	9.2008	9.5395	9.8702	10.2433
Utilities	49.0428	49.6126	54.9989	53.9543	55.2609
Industrial - Light	25.9725	25.5720	26.3102	27.1375	28.2480
Business	25.7011	25.2886	26.6854	26.6286	27.0300
Seasonal	13.4348	13.1903	15.4198	16.6154	16.1549

MUNICIPAL TAX BILLINGS BY PROPERTY CLASS (in thousands)

Residential	\$ 23,478	\$ 23,636	\$ 24,693	\$ 25,241	\$ 26,830
Utilities	405	297	251	255	312
Industrial - Light	266	304	317	360	389
Business	24,896	25,535	26,542	27,170	28,739
Seasonal	84	92	92	92	83
TOTAL	\$ 49,129	\$ 49,864	\$ 51,895	\$ 53,117	\$ 56,354

New Construction 1997 - 2001

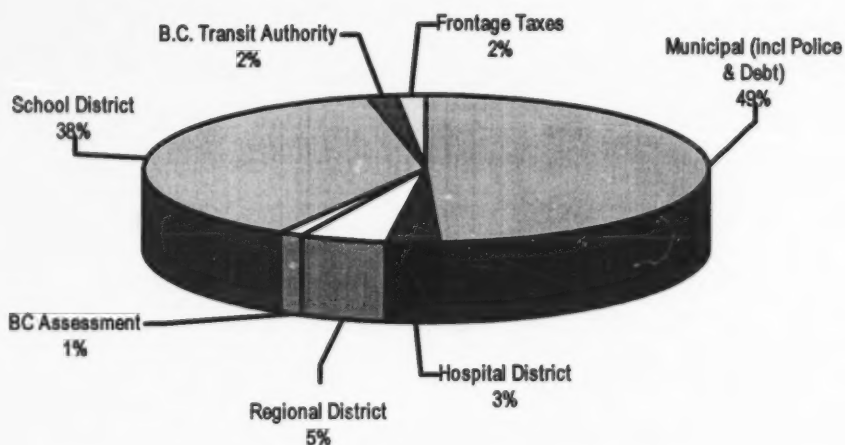
	1997	1998	1999	2000	2001
Construction Permits	3,062	2,705	2,948	2,848	2,907
Construction Value (\$ Million)	\$ 84	\$ 72	\$ 178	\$ 103	\$ 106
Taxes Generated from New Growth	\$ 712,240	\$ 750,322	\$ 193,444	\$ 471,109	\$ 777,701

Source: City of Victoria Finance Department

Property Tax Levied and Collected 1997 - 2001 (in thousands)

	1997	1998	1999	2000	2001
Municipal (incl Police & Debt)	\$ 49,129	\$ 49,864	\$ 51,895	\$ 53,117	\$ 56,354
Hospital District	2,845	2,902	2,605	2,817	3,734
Regional District	4,742	5,100	5,705	6,645	6,179
BC Assessment	1,364	1,376	1,354	1,391	1,419
Finance Authority	3	2	2	2	2
School District	37,271	38,495	37,776	36,802	39,848
B.C. Transit Authority	1,914	1,917	1,895	1,964	2,800
Frontage Taxes	1,491	1,556	1,603	1,628	1,256
	\$ 98,759	\$ 101,212	\$ 102,834	\$ 106,365	\$ 111,592
Current Taxes Collected	\$ 96,706	\$ 99,041	\$ 100,573	\$ 104,204	\$ 108,591
Percentage	97.51%	97.37%	97.36%	97.45%	97.31%
Outstanding at Beginning of Year	\$ 3,902	\$ 3,480	\$ 3,317	\$ 3,705	\$ 3,784
Arrears Collected	\$ 2,896	\$ 2,833	\$ 2,340	\$ 2,495	\$ 2,188
Percentage	74.22%	81.41%	70.55%	67.35%	57.83%

2001 Taxes by Jurisdiction



Source: City of Victoria Finance Department

Principal Taxpayers and Percentage of Total Taxes 2001

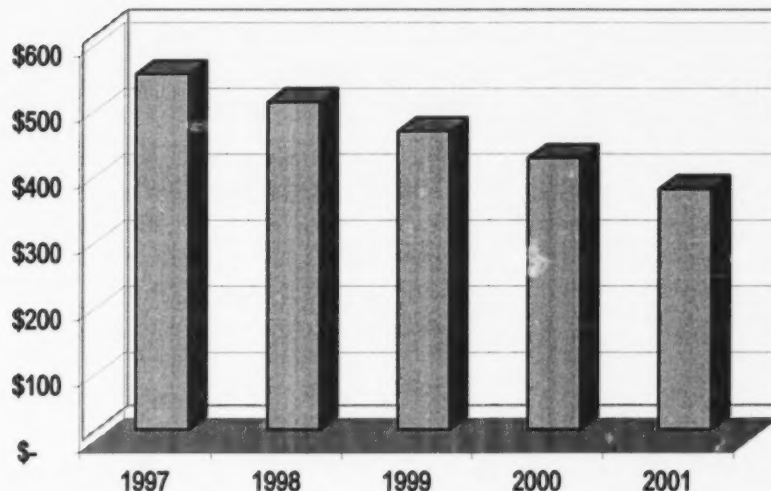
Rank	Last Year	Property Owner	Taxes (in thousands)	Percent
1	(1)	Cambridge Shopping Centres Limited	\$ 2,593	2.32%
2	(3)	Legacy Empress Title Corp.	2,291	2.05%
3	(2)	Bentall Properties Ltd./Sears Canada Inc.	2,003	1.80%
4	(4)	527701 British Columbia Ltd.	1,508	1.35%
5	(5)	B. C. Telephone Company	1,084	0.97%
6	(15)	Pacific Sun Hotel Inc.	751	0.67%
7	(9)	Jawl Holdings Ltd.	734	0.66%
8	(8)	Grampian Holdings Ltd.	670	0.60%
9	(7)	Columbus Real Estate	632	0.57%
10	(6)	596961 British Columbia Ltd.	598	0.54%
11	(13)	Daishinpan (Canada) Inc	548	0.49%
12	(11)	Gill Am Intestments Ltd.	541	0.48%
13	(12)	Sussex Place Equities Ltd.	534	0.48%
14	(10)	Paul's Restaurants Ltd.	511	0.46%
15	(14)	Canadian Imperial Bank of Commerce	475	0.43%
16	(18)	Daishipan Co Ltd.	424	0.38%
17	(16)	B.C. Hydro & Power Authority	421	0.38%
18	(17)	Westside Village	396	0.36%
19	(22)	Park Pacific Apartments Ltd.	393	0.35%
20	(19)	BC Transit	385	0.34%
21	(21)	Capital Region Housing Corp.	374	0.34%
22	(20)	Sophie Investments Inc.	372	0.33%
23	(31)	Congdon Construction (1986) Ltd	371	0.33%
24	(29)	Wilson Kool Limited	355	0.32%
25	(27)	Executive House Ltd.	340	0.30%
26	(23)	Okabe North America Inc	331	0.30%
27	(25)	Ruth Singer Investments Ltd.	330	0.30%
28	(26)	International Travel Inns Ltd.	326	0.29%
29	(28)	Meister Urban	316	0.28%
30	(24)	Associated Building Credits Ltd.	313	0.28%
			\$ 20,920	18.75%

Source: City of Victoria Finance Department

Debenture Debt 1997 - 2001 (in thousands)

	1997	1998	1999	2000	2001
Gross Debt	\$ 51,961	\$ 51,062	\$ 47,650	\$ 47,650	\$ 47,650
Less: Sinking Fund Payments	12,386	14,632	14,467	17,481	20,697
Net Debt	\$ 39,575	\$ 36,430	\$ 33,183	\$ 30,169	\$ 26,953
General	\$ 37,847	\$ 34,908	\$ 31,783	\$ 28,901	\$ 25,825
Sewer	1,729	1,522	1,400	1,269	1,128
	\$ 39,575	\$ 36,430	\$ 33,183	\$ 30,169	\$ 26,953
Debt Servicing Costs					
Property Tax Supported	\$ 5,447	\$ 5,770	\$ 5,529	\$ 5,525	\$ 5,520
Specified Area & Other	644	644	458	0	0
Sewer Utility	339	354	247	247	246
Total Debt Servicing Costs	\$ 6,430	\$ 6,767	\$ 6,233	\$ 5,771	\$ 5,766
Population	73,504	73,504	73,504	73,504	74,125
Net Debt per Capita	\$ 538	\$ 496	\$ 451	\$ 410	\$ 364
Debt Servicing per Capita	\$ 87	\$ 92	\$ 85	\$ 79	\$ 78
Debt Service as % of Expenditures	6.48%	6.76%	6.12%	5.37%	5.29%
Gross Borrowing Power (\$000's)	\$ 231,762	\$ 235,116	\$ 237,792	\$ 265,595	\$ 269,670
Net Borrowing Power (\$000's)	\$ 179,802	\$ 184,054	\$ 190,142	\$ 217,945	\$ 222,020

Per Capita Net Debt



Source: Municipal Finance Authority
Source: Population: Statistics Canada

Revenue and Expenses 1997 - 2001 (in thousands)

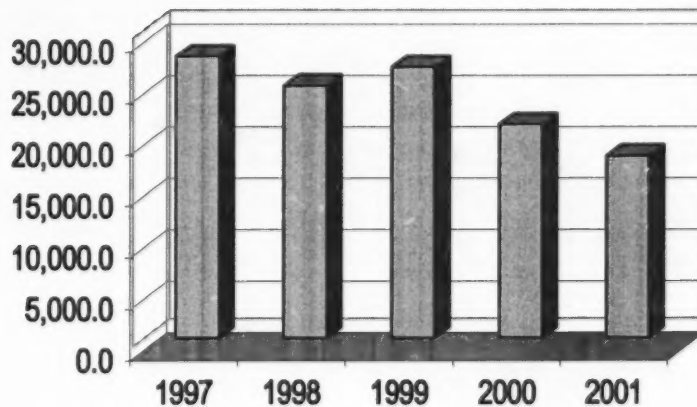
	1997	1998	1999	2000	2001
REVENUE					
Property Taxes	\$ 56,029	\$ 57,023	\$ 56,888	\$ 56,091	\$ 61,214
Payment In Lieu of Taxes	5,781	5,236	3,804	3,898	3,886
Sales of Services	19,288	19,174	21,281	21,687	22,313
Sale of Water	7,215	6,946	7,101	7,066	7,235
Licences and Permits	2,520	2,594	3,733	3,550	2,658
Fines	2,427	2,492	2,899	2,668	2,796
Rentals and Leases	652	669	654	672	577
Interest and Penalties	1,790	2,314	2,406	2,203	2,849
Unconditional Government Transfers	2,565	2,405	574	571	414
Other	1,406	1,454	2,683	541	3,745
Conditional Government Transfers	596	547	3,270	852	782
	\$ 100,268	\$ 100,855	\$ 105,294	\$ 101,799	\$ 108,469
EXPENSES BY FUNCTION					
General Government	\$ 14,435	\$ 16,442	\$ 16,795	\$ 16,521	\$ 19,488
Protective Services	29,323	29,773	31,520	31,766	34,306
Transportation Services	19,183	18,023	16,337	16,258	17,386
Environmental/Public Health	4,535	4,543	4,824	4,740	5,988
Community Planning	1,108	1,334	1,280	1,049	1,127
Parks Recreation and Cultural	21,007	20,152	22,288	22,214	21,222
Water Utility	7,418	7,242	6,842	6,513	6,982
Sewer Utility	2,278	2,673	1,912	1,858	2,480
	\$ 99,288	\$ 100,181	\$ 101,797	\$ 101,020	\$ 108,980
EXPENSES BY OBJECT					
Salaries Wages and Benefits	\$ 59,062	\$ 61,455	\$ 62,205	\$ 62,613	\$ 62,721
Equipment	10,665	10,128	10,519	10,032	8,348
Materials Supplies and Services	23,732	22,539	23,407	23,238	27,868
Interest	4,123	4,439	3,984	3,773	3,319
Other	1,706	1,620	1,682	1,614	6,724
	\$ 99,288	\$ 100,181	\$ 101,797	\$ 101,020	\$ 108,980

Source: City of Victoria Finance Department

Reserve Funds & Statement of Surplus 1997 - 2001 (in thousands)

<i>Description</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
STATUTORY RESERVE FUNDS					
Equipment Replacement	\$17,253	\$18,599	\$19,313	\$15,313	\$12,257
Offstreet Parking	1,357	1,288	1,335	961	445
Local improvements	608	641	669	702	748
Tax Sale Lands	7,293	3,384	4,377	3,162	3,547
Leisure Services	913	659	679	655	712
	\$27,424	\$24,570	\$26,373	\$20,792	\$17,708
STATEMENT OF SURPLUS (DEFICIT)					
General Operating Surplus	\$ 1,907	\$ 847	\$ 2,484	\$ 624	\$ 585
Water Operating Surplus	765	557	650	180	290
Sewer Operating Surplus	(105)	(12)	88	170	160
	\$ 2,566	\$ 1,392	\$ 3,222	\$ 974	\$ 1,035
RESERVES PLUS SURPLUS	\$29,990	\$25,962	\$29,595	\$21,766	\$18,744

Reserves



Source: City of Victoria Finance Department

2002 - 2006 Five Year Capital Budget (in thousands)
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	1997	1998	1999	2000	2001
EXPENDITURES					
Civic Facilities	\$ 2,494	\$ 2,679	\$ 2,970	\$ 1,764	\$ 1,440
Miscellaneous	-	90	39	43	23
Equipment	1,436	2,324	1,761	3,108	5,078
Streets	1,736	2,724	3,614	1,382	2,718
Transportation and Development	852	564	720	482	424
Civic Services	-	-	-	-	39
Storm Drains	1,162	854	793	2,635	899
Parks	788	440	419	444	582
Planning and Development	-	522	715	341	167
Shoreline Protection	-	1,999	219	9	48
Revitalization	-	275	3	552	650
Downtown Revitalization	-	628	84	2,984	68
Environmental Remediation	-	245	-	6	44
Water Utility	1,318	1,006	1,182	1,471	1,266
Sewer Utility	600	856	298	962	831
Victoria Conference Centre	242	157	740	538	431
	\$10,628	\$15,362	\$13,557	\$16,720	\$14,707

FUNDING SOURCES

Capital Tax Levy	\$ 2,343	\$ 1,716	\$ 2,076	\$ 4,391	\$ 3,965
Carry Forwards	-	234	50	602	-
Connection Fees	-	-	-	140	139
Equipment Replacement Reserve	1,396	2,102	2,374	2,703	4,534
Buildings and Infrastructure	39	-	1,973	3,134	1,925
Tax Sale Land Reserve	1,747	4,593	1,866	1,624	404
Parks and Recreation Facility Reserve	60	78	72	133	66
Off Street Parking Reserve	-	66	19	448	568
Economic Development Reserve	-	-	-	112	134
Innovation Fund	-	-	-	-	167
Grants and Partnerships	-	288	2,013	282	277
Debt	2,883	4,268	894	294	-
Water Utility	1,318	1,006	1,182	1,471	1,266
Sewer Utility	600	856	298	962	831
Victoria Conference Centre	242	157	740	427	431
	\$10,628	\$15,362	\$13,557	\$16,720	\$14,707

Source: City of Victoria Finance Department

Demographic Statistics

Based on 1996 Census Figures (Statistics Canada)

Population

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>% of Total Population</u>
0 - 4 years	1,555	1,440	2,995	4.1%
5 - 9 years	1,300	1,255	2,555	3.5%
10 - 14 years	1,320	1,265	2,585	3.5%
15 - 19 years	1,420	1,570	2,990	4.1%
20 - 24 years	3,110	3,780	6,890	9.4%
25 - 29 years	3,965	3,860	7,825	10.6%
30 - 34 years	3,420	3,280	6,700	9.1%
35 - 39 years	2,905	2,880	5,785	7.9%
40 - 44 years	2,775	2,790	5,565	7.6%
45 - 49 years	2,565	2,700	5,265	7.2%
50 - 54 years	1,660	1,805	3,465	4.7%
55 - 59 years	1,185	1,460	2,645	3.6%
60 - 64 years	1,140	1,340	2,480	3.4%
65 - 74 years	2,520	3,825	6,345	8.6%
75+ years	2,935	6,475	9,410	12.8%
TOTAL VICTORIA	<u>33,770</u>	<u>39,735</u>	<u>73,505</u>	<u>100%</u>

Family Income

	<u>1996</u>
Under \$10,000	785
\$10,000 - \$19,000	2,165
\$20,000 - \$29,999	2,175
\$30,000 - \$39,999	2,375
\$40,000 - \$49,999	2,400
\$50,000 - \$59,999	1,860
\$60,000 - \$69,999	1,495
\$70,000 - \$79,999	1,055
\$80,000 - \$89,999	765
\$90,000 - \$99,999	500
\$100,000 and over	1,220

Source: Statistics Canada

Demographic Statistics

Based on 1996 Census Figures (Statistics Canada)

Educational Level of Population Aged 15 Years +

To Grade 9	3,085
Grade 9 – 13	
With High School Certificate	6,085
Without High School Certificate	12,070
Trade Certificate	1,900
Other Non University	
With Certificate	11,405
Without Certificate	4,860
University	
With Degree	8,125
Without Degree	10,550
With Certificate	4,975
Total	<u>63,055</u>

Labour Force by Major Occupational Group

<u>Occupation</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Management	2,225	1,620	3,845
Business, finance and administrative occupations	2,465	5,230	7,695
Natural and applied sciences	1,990	505	2,495
Health	555	1,765	2,320
Social science, education, religion, government service	1,515	2,315	3,830
Art, culture, recreation and sport	930	815	1,745
Sales and service	6,045	6,710	12,755
Trades, transport and equipment operators	3,040	220	3,260
Primary occupations	555	95	650
Processing, manufacturing and utilities	690	240	930
Total	<u>20,010</u>	<u>19,515</u>	<u>39,525</u>

Source: Statistics Canada

Miscellaneous Statistics 1997 - 2001

	1997	1998	1999	2000	2001
Population (latest census)	73,504	73,504	73,504	73,504	74,125
Voters List – Electors	46,804	46,804	48,900	48,900	48,900
Land Area in hectares	2,335	2,335	2,335	2,335	2,335
Length of Roadways in kms	258	258	258	260	260
Sanitary and Storm Sewers in kms	479	479	479	479	479
Water Distribution System					
Length in kms	304	304	304	304	304
Number of hydrants	1,372	1,379	1,385	1,634	1,641
Number of services	18,650	18,696	18,650	18,706	19,128
Fire Protection					
Number of uniformed employees	107	107	107	107	107
Number of civilian employees	5	4	4	5	4
Number of stations	3	3	3	3	3
Number of responses	2,216	2,233	2,850	5,622	5,777
Dollar value of losses (\$ million)	3.35	1.80	1.07	5.67	8.98
Inspections performed	8,843	7,858	8,363	5,732	5,918
Police Protection					
Number of uniformed employees	178	178	178	178	186
Number of civilian employees	56	56	56	57	59
Number of crimes	21,858	22,018	22,729	22,049	21,101
Parks					
Number of parks, playlots, etc.	117	124	123	123	124
Land area in hectares	173	182	258	258	258
City of Victoria					
Number of employees (FTE's)	985	969	947	969	971

Source: City of Victoria

City of Victoria Key Contacts

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